UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

Case No. 19-23649-shl

Adv. Case No. 21-07005-shl

- x

In the Matter of:

PURDUE PHARMA L.P..

Debtor.

- x

AVRIO HEALTH LP, et al.,

Plaintiffs,

v.

AIG SPECIALTY INSURANCE COMPANY,

Defendants.

- x

United States Bankruptcy Court

300 Quarropas Street, Room 248

White Plains, NY 10601

May 23, 2023

11:14 AM

B E F O R E :

HON SEAN H. LANE

U.S. BANKRUPTCY JUDGE

ECRO: ALIANNA PERSAUD

HEARING re Omnibus Hearing

HEARING re Doc. #5619 Notice of Agenda

HEARING re Doc. #5533 (Sale Hearing) Motion to Approve / Motion of Debtors for Entry of Orders (I)(a) Approving Bidding Procedures for Sale of Debtors Avrio Assets, (b) Approving the Designation of Atlantis Consumer Healthcare Inc., a Wholly Owned Subsidiary of Arcadia Consumer Healthcare Inc., as the Stalking Horse Bidder for Avrio Assets, (c) Authorizing and Approving Entry into the Stalking Horse Asset Purchase Agreement, (d) Approving Bid Protections, (e) Scheduling Auction for, and Hearing to Approve, Sale of Debtors Avrio Assets, (f) Approving Form and manner of Notices of Sale, Auction, and Sale Hearing, (g) Approving Assumption and Assignment Procedures, and (h) Granting Related Relief and (II)(a) Approving Sale of Debtors Avrio Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (b) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases, and (c) Granting Related Relief

HEARING re Doc. #5570 (Sale Hearing) Order (I) Approving Bidding Procedures for Sale of Debtors Avrio Assets, (II) Approving the Designation of Atlantis Consumer Healthcare Inc., a Wholly Owned Subsidiary of Arcadia Consumer Healthcare Inc., as the Stalking Horse Bidder for Avrio Assets, (III) Authorizing and Approving Entry into the Stalking Horse Asset Purchase Agreement, (IV) Approving Bid Protections, (V) Scheduling Auction for, and Hearing to Approve, Sale of Debtors Avrio Assets, (VI) Approving Form and Manner of Notices of Sale, Auction, and Sale Hearing, (VII) Approving Assumption and Assignment Procedures, and (VIII) Granting Related Relief with Sale Hearing to be held on 5/23/2023 at 11:00 AM at Videoconference (ZoomGov)(SHL)(Related Doc #5533)

HEARING re Doc #5578 (Seal KEIP/KERP) Motion to File Under Seal / Motion for Entry of Order Pursuant to 11 U.S.C. 105(a), 107(b) and Fed. R. Bankr. P. 9018 Authorizing the Filing of Certain Information Under Seal in Connection with the Motion of Debtors for Entry of an Order Authorizing Implementation of 2023 Key Employee Incentive Plan and 2023 Key Employee Retention Plan

HEARING re Doc #5579 (KEIP/KERP) Motion to Authorize / Motion of Debtors Authorizing Implementation of 2023 Key Employee Incentive Plan and 2023 Key Employee Retention Plan

HEARING re Adversary Proceeding 21-07005-shl Status Conference

Transcribed by: Sonya Ledanski Hyde

A P P E A R A N C E S :

REED SMITH LLP
Attorneys for the Debtors and Debtors in Possession in Adversarial Proceeding
599 Lexington Avenue
New York, NY 10022

BY: PAUL E. BREENE

MINTZ
Attorneys for Liberty Mutual
One Financial Center
Boston, MA 02111

BY: NICK CRAMB

WILLKIE FARR GALLAGHER LLP
Attorneys for AIG, National Union Fire Insurance, et al.
1875 K Street NW
Washington, D.C. 20006

BY: JOSEPH DAVIS

KRAMER LEVIN NAFTALIS FRANKEL LLP
Attorneys for the Ad Hoc Committee
1177 Avenue of the Americas
New York, NY 10036

BY: KENNETH H. ECKSTEIN

KIRKLAND ELLIS
Attorneys for Atlantis Consumer
601 Lexington Avenue
New York, NY 10022

BY: JORDAN ELKIN

GILBERT LLP
Attorneys for the Ad Hoc Committee of Governmental Claimants
700 Pennsylvania Avenue SE, Suite 400
Washington, D.C.

BY: RICHARD LEVERIDGE

AKIN GUMP STAUSS HAUER FELD LLP
Attorneys for the Official Committee of Unsecured Creditors
One Bryant Park
New York, NY 10036

BY: ARIK PREIS

COLE SCHOTZ PC
Attorneys for the Official Committee of Unsecured Creditors
500 Delaware Avenue, Suite 1410
Wilmington, DE 19801

BY: JUSTIN R. ALBERTO

DAVIS POLK WARDWELL LLP
Attorneys for the Debtors
450 Lexington Avenue
New York, NY 10017

BY: CHRISTOPHER ROBERTSON
ELI J. VONNEGUT

UNITED STATES DEPARTMENT OF JUSTICE
Attorneys for the U.S. Trustee
Alexander Hamilton Custom House
One Bowling Green
New York, NY 10004

BY: PAUL KENAN SCHWARTZBERG

SIMPSON THACHER BARTLETT LLP
Attorneys for the Gulf Underwriters St. Paul Fire
Marine Insurance Company
425 Lexington Avenue
New York, NY 10017

BY: SARAH PHILLIPS

ALSO PRESENT:
ROXANA ALEALI
ALISON R. AMBEAULT
MICHAEL ATKINSON
JASMINE BALL
R. PATRICK P. BEDELL
KATHRYN BENEDICT
DAVID E. BLABEY
SARA BRAUNER

JULIUS CHEN

DANIEL CONNOLLY

DYLAN CONSLA

ASHLEY V. CRAWFORD

JORDAN P. CRISPANO

ANTHONY DE LEO

GENEVIEVE DISPIRITO

ADAM FLEISCHER

LAWRENCE FOGELMAN

CAROLINE GANGE

MAGALI GIDDENS

MATTHEW J. GOLD

MARSHALL SCOTT HUEBNER

MITCHELL HURLEY

LINDA IMES

GREGORY JOSEPH

BENJAMIN S. KAMINETZKY

MARC KESSELMAN

DARREN S. KLEIN

ALEXANDER LEES

NICOLE A. LEONARD

MARA LEVANTHAL

JEFFREY LIESEMER

EDAN LISOVICZ

CHRISTOPHER MARCUS

JAMES I. MCCLAMMY
MICHELE J. MEISES
KIMBERLY ANN MEYER
MAURA KATHLEEN MONAGHAN
LYNN H. MURRAY
KATHERINE PORTER
RACHAEL RINGER
JEFFREY J. ROSEN
JASON RUBINSTEIN
RAFAEL SCHNITZLER
DAVID EDWARD SCHOENFELD
J. CHRISTOPHER SHORE
RICHARD DANIEL SHORE
MARC F. SKAPOF
COLLEEN P. SORENSEN
ERIC STODOLA
MARC JOSEPH TOBACK
ALLEN J. UNDERWOOD
GERARD UZZI
MELISSA L. VAN ECK
THEODORE WELLS, JR.
DENNIS J. WINDSCHEFFEL
ROBIN L. ZEPHIER
KIM MARRKAND
BROOKS BARKER

BRIANNA B. BILTER

JOSEPH BRANDT

JABRISKA COTTON

LYNN CROWFOOT

JASON DIBATTISTA

UDAY GORREPATI

JACQUELINE HAHN

TAYLOR HARRISON

JEFF KAPLAN

AYANO KITANO

DIETRICH KNAUTH

DAVID MAYO

JAMES J. NANI

GEORGE O'CONNOR

ROBERT ORREN

JASON SCHEIDERER

KATE SOMERS

MICHAEL SPINELLI

PETER J. SPROFERA

VINCE SULLIVAN

KATY GUINN

P R O C E E D I N G S

THE COURT: Good morning. This is Judge Sean Lane in the United States Bankruptcy Court for the Southern District of New York. And we are here for an 11:00 hearing in Purdue Pharma LP, a Chapter 11 case, an omnibus hearing. And there is a notice -- I'm sorry -- well, there is a notice of agenda filed under the docket at Docket Number 5619 that provides an agenda for today's matters. And I believe there also might be an amended agenda.

And so we'll start this hearing, as we always do, by getting appearances from folks. So let me start with the Debtors, find out who is here for the Debtors.

All right. Can folks hear me? Oh, go ahead.

MR. ROBERTSON: Your Honor, Christopher Robertson of Davis Polk & Wardwell on behalf of the Debtors.

THE COURT: All right. Good morning. I don't know if you want to introduce anybody else. I know there are some declarants. I don't know if folks are on the line, but I don't know how you want to handle that. You can wait until we get to those motions as well. But whatever you prefer, Mr. Robertson.

MR. ROBERTSON: Sure, Your Honor. My colleague, Jim McClammy, is on the Zoom as well. He will be handling the KEIP/KERP. And I see Eli Vonnegut as well on the line. Our declarant for the sale motion is Rafael Jason Schnitzler

from PJT. He is also on the phone and available.

THE COURT: All right. Great. And on behalf of the Official Committee of Unsecured Creditors?

MR. PREIS: Good morning, Your Honor. Arik Preis from Akin Gump Strauss Hauer Feld on behalf of the Official Committee of Unsecured Creditors.

THE COURT: All right. Good morning. And on behalf of the Ad Hoc Committee of governmental folks?

MR. ECKSTEIN: Your Honor, good morning. It's Kenneth Eckstein of Kramer Levin on behalf of the Ad Hoc Committee of Governmental Claimants.

THE COURT: All right. Good morning. And I know there are always a lot of folks who are on the line, and I could spend all day sort of going through those appearances, but I know a lot of those folks don't anticipate speaking. So at this point, I'll throw it open to get other appearances from other folks who would expect to need to speak at today's hearing. So let me get those appearances.

MR. ALBERTO: Your Honor, Justin Alberto from Cole Schotz, also on behalf of the Official Committee of Unsecured Creditors. I would be appearing, if at all, during the status conference in the adversary proceeding later on in the agenda.

THE COURT: All right. Thank you, good morning. Anyone else?

MR. BREENE: Your Honor, Paul Breene from Reed Smith, insurance counsel to the Debtor. And I will also only be speaking with respect to the adversary proceeding status conference.

THE COURT: All right. So I imagine there are also I'm sure other insurers who are in the same boat. So let me get those appearances.

MR. LEVERIDGE: Your Honor, before the insurers start, this is Rick Leverage from Gilbert LLP on behalf of the Ad Hoc Committee of Governmental Claimants. I will be also participating as necessary in the status conference.

THE COURT: All right. Good morning.

MR. SCHWARTZBERG: Your Honor, Paul Schwartzberg from the U.S. Trustee's Office.

THE COURT: All right. Good morning. Anyone else?

MR. ELKIN: Good morning, Your Honor, Jordan Elkin with Kirkland Ellis on behalf Atlantis Consumer Healthcare Inc., the proposed purchaser of the Debtor's Avrio assets.

THE COURT: All right. Good morning.

MR. DAVIS: Good morning, Your Honor. Joseph Davis from Willkie & Gallagher on behalf of National Union Fire Insurance Company of Pittsburgh, Pennsylvania. And I am also here with Mr. Breene and Mr. Leveridge for the discussion of the adversary.

THE COURT: All right. Good morning. Anyone else?

MR. CRAMB: Good morning, Your Honor, this is Nick Cramb also appearing here for the status conference on behalf of the Liberty Mutual defendants. I'm with the Mintz firm.

THE COURT: All right. And I think there's Mr. Schoenfeld.

MR. SCHOENFELD: Yes. David Schoenfeld for Steadfast and American Guarantee Insurance. If I speak, it will also be on the status conference only.

THE COURT: All right. Good morning. Anyone else?

MS. PHILLIPS: Yes, Your Honor. Sarah Phillips from Simpson Thatcher & Bartlett representing the insurers, Gulf Underwriters Insurance Company, and St. Paul. I would also be speaking at the adversary status conference.

THE COURT: All right. Good morning. Anyone else? All right. Thank you for all the appearances. If for some reason someone is either having technical problems and needs to chime in later to get an appearance, we'll handle that at that time. And that's fine. I thank you for everybody's cooperation in making this a smooth start.

So with that, I'll turn it over to the Debtors to walk us through the agenda. We have a number of things on.

And I will leave it to you as the best way to proceed in terms of order.

MR. ROBERTSON: Thank you, Your Honor. For the record, Christopher Robertson, Davis Polk & Wardwell, on behalf of the Debtors.

The first item on today's agenda is the Debtor's request to approve the sale of substantially all of the assets of the Debtor's consumer health business to Atlantis Consumer Healthcare. This matter is unopposed.

As Your Honor knows, the Debtor selected Atlantis, which is a wholly-owned subsidiary of Arcadia Consumer Healthcare, as a stalking horse purchaser through an extensive, multi-stage process. That process was described in the declaration of Rafael Jason Schnitzler that was filed at Docket Number 5534.

Your Honor, I believe that Mr. Schnitzler's declaration is in the record as it was entered in the context of the bidding procedures order.

THE COURT: I believe that's correct.

MR. ROBERTSON: Thank you, Your Honor. So ultimately, no parties submitted bids for the Avrio assets after the bidding procedures were approved, which, frankly, again spreads to the strength of the process that the Debtors conducted to identify and negotiate the stalking horse bid in the first instance.

The Debtors filed a notice of cancellation of auction and identified Atlantis as the successful bidder on May 16. That notice is at Docket Number 5603.

Your Honor, as I mentioned at the outset, the sale is unopposed. We filed a revised form of sale order at Docket 5618 that reflects additions to address informal comments from a few parties. I would not propose to discuss those changes in any detail unless Your Honor has any questions about those. The Official Committee of Unsecured Creditors also filed a statement yesterday afternoon at Docket Number 5623.

Unless Your Honor has any questions for me, I would propose to turn the podium over to Mr. Preis. I know he wants to speak briefly to that. And then I believe that Mr. Eckstein on behalf of the Ad Hoc Committee would also like to speak briefly.

Before I do, I would just say, again, that the Debtors are very pleased with the outcome of this process and I believe there's broad consensus amongst all parties here that this transaction is in the best interest of the Debtors and their estates.

THE COURT: All right. Thank you very much. Mr. Preis, it sounds like a segue to you on behalf of the Committee.

MR. PREIS: Thank you, Your Honor. Arik Preis

from Akin Gump Strauss Hauer & Feld on behalf of the Official Committee of Unsecured Creditors. I do want to echo what Mr. Robertson said. We are very pleased with the outcome of the sale.

Your Honor, we filed a short statement yesterday at Docket Number 5623 in an effort to update the Court on our efforts to build consensus on making a distribution of the Avrio sale proceeds in advance of consummation of any plan given the disappointing delay in these cases.

As we set forth in our papers, we've spoken to a number of the case parties, but the main ones by far have been the Debtors and the AHC.

As we noted in our papers, the Debtors have been supportive of any reasonable resolution so long as it has broad consensus.

Unfortunately, the AHC has expressed concerns and we're therefore not at the point yet where the Debtors feel comfortable filing a motion seeking to distribute the sale proceeds.

Without getting into a back and forth and saying anything more than what was in our papers, we remain hopeful that the public entities that formed the AHC will come around in their thinking.

Alternatively, we hope that other case parties will join us in trying to convince the Debtors to file a

motion notwithstanding the lack of pre-agreement by the AHC.

I would note that many of us that have been part of the case since the beginning, about three years ago, often lament the fact that we were unable to push an emergency relief fund across the finish line in the winter of 2019 and beginning of 2020.

There are many of us who think to ourselves if we had at least been successful on that, we would have had something we could point to as a financial positive in these cases. To be certain, there have been other positive developments in the case. I don't want to say otherwise. But as far as actual dollars being used, it is nothing short of cruel irony that the only money that has left the Sacklers or Purdue since filing date is the $225 million that was paid to the federal government. And as everyone knows, there were no bankruptcy court-imposed restrictions on what that money could be used for despite our attempts at the time to force the DOJ to at least commit to use it for opioid-related purposes. We therefore will continue in our efforts, and we hope that the other case parties will join us. We also of course hope that other events, such as a ruling from the Second Circuit, will overtake us. However, we really don't want to be in a position many months from now -- I don't think anyone does -- with no progress and wishing we had done everything we could to advance this

alternative. So we'll press on until then.

Unless Your Honor has any questions, that's all.

THE COURT: All right. Thank you very much.

Mr. Eckstein?

MR. ECKSTEIN: Good morning, Your Honor. Thank you. Kenneth Eckstein of Kramer Levin on behalf of the Ad Hoc Committee of Government Claimants. I just would like to make just a few brief comments.

First and foremost, the AHC shares the UCC's frustration with a delay in implementing a settlement of this uniquely-challenging case and in making distributions to abate the opioid crisis and to compensate victims. I think, as all parties know, the AHC and its members have been working for years with multiple parties to put in place a comprehensive settlement that will have the broadest-possible support. That was actually achieved through the plan that was ultimately approved by Judge Drain.

The focus of today's hearing is simply the request to approve the sale of the Avrio business. Today's motion does not implicate a distribution of Avrio proceeds or of any other debtor assets. And that's something that will be left for another day. The AHC believes that it is a favorable time to sell the Avrio business to a third party and supports the relief being sought today.

As the Court knows, all parties have been waiting

for over a year for a decision from the second circuit on the appeal, and we remain hopeful that we will promptly receive a decision and ideally gain affirmance of the confirmation order.

The UCC is correct that the AHC has reservations about making an interim distribution of all the appeals pending. The AHC does not want to see any steps taken that could potentially impact or in any way destabilize an appeal that has been pending before the Second Circuit for over a year. The AHC is sensitive about not doing anything to interfere or destabilize the order entered by Judge McMahon to stay any actions to implement the plan of reorganization that was confirmed. And the AHC is sensitive about the fact that there are other constituencies, including parties that hold administrative claims. And in particular, the DOJ that holds a $2 billion administrative claim that was handled in a favorable manner through the plan of reorganization.

We believe that all of these matters can be navigated successfully, but we believe we have to await a decision from the Second Circuit. And once we have that decision, we believe the parties will be in the best position to hopefully have this case emerge swiftly from Chapter 11 and to begin the flow of funds to claimants and other constituencies that have been waiting for years.

At this point, Your Honor, we support the relief

being sought by the Debtor and we of course will continue to dialogue with all of the parties about the steps necessary to successfully implement the case. Thank you.

THE COURT: All right. Thank you very much. Let me hear from the purchaser, if the purchaser has anything to add as to the sale motion.

MR. VONNEGUT: Your Honor, if I may be heard briefly. Eli Vonnegut of Davis Polk on behalf of the Debtors.

THE COURT: Sure. I was going to circle back to you after I heard from everybody else. But I'm happy to hear from you now.

MR. VONNEGUT: Thank you, Your Honor. I just want to briefly respond to Mr. Preis and Mr. Eckstein's comments. Your Honor, the Debtors share the frustration of all parties in this case with the delay of emergency. The Debtors commenced these proceedings for the purpose of putting the estate assets to good use combatting the opioid crisis and helping those that have bene harmed by opioids. And it is very difficult that we continue to be unable to do so based on the current status of the appeal related to plan confirmation.

We therefore have been engaged in dialogue with the Committee, with the Ad Hoc Committee, attempting to work through whether there is a good way to take some portion of

the estate's assets and put them to work while we wait for a decision on that appeal. And we remain openminded. So if that is to be pursued, I think we share the concern of others that broad consensus will be necessary supporting any step like that. We share the concerns of the Ad Hoc Committee that there are a number of legal needs that would need to be threaded, ensuring that we don't create any complication for the pending appeal or otherwise destabilize the cases at this juncture. But as I say, it is a noble goal that the Debtors are open to pursuing, and so we look forward to hopefully ongoing constructive dialogue with our constituents to explore whether there is a path forward that can garner the broad support that we believe it would need.

That's all I have to say on that score, Your Honor.

THE COURT: All right. Thank you very much.

MR. VONNEGUT: Thank you.

THE COURT: Anything from the proposed purchaser?

MR. ELKIN: Your Honor, again, for the record, Jordan Elkin with Kirkland and Ellis on behalf of the proposed purchaser.

Your Honor, nothing much to add. We echo the Debtor's sentiment. We appreciate their collaboration with us during this process as well as the various committees and other stakeholders who reviewed the various sale documents

and got us to this point where we're proceeding on a fully-consensual basis. So happy to answer any questions to the extent Your Honor has any, but otherwise, nothing to add.

THE COURT: All right. Thank you very much. Any other party that wishes to be heard on the sale motion?

All right. Hearing no other responses, based on the record before the Court, I'm happy to approve the sale motion. I find the Debtors have demonstrated a good, sufficient, sound business purpose and justification for entering into this agreement and providing for the sale of the assets to the purchaser. I find that the Debtors have adequately marketed the assets and conducted the sale process in compliance to the bidding procedures in the bidding procedures order and that approval of the agreement, the sale, and overlay of the transactions are appropriate under the circumstances of these cases and in the best interest of the Debtors or estates of the creditors. The Court further finds that the purchaser is a good faith purchaser and is entitled to the protections of 363(m). And I find that the bidding procedures here -- I have already found that they're reasonable and appropriate and have resulted in the highest and best offer and a way to maximize value.

And it's probably just worth noting given the circumstances of these cases and it's in the proposed order

that the purchaser is not a successor or mere continuation or alter ego of the Debtors or the estates. And for the avoidance of doubt, that that term successor or other liabilities that's included in the sale order, that that also covers the fact that they are not a successor when it comes to any liens, claims, encumbrances, or any interest of any kind relating to the Debtor's opioid-related activities, opioid products, or pending opioid actions.

And I guess last but not least, I find that the conditions of Section 363(f) in the Bankruptcy Code have been satisfied and therefore, the Debtors may sell the assets free and clear of interests other than those that are set forth in the deal itself. That is the post-closing encumbrances and assume liabilities.

And so obviously there will be more bells and whistles set forth in the proposed order, that they are set forth in a proposed order that's been submitted and was set forth in the notice of filing the proposed sale order at Docket 5618. I just wanted to highlight for purposes of making the record.

So with that, the sale is approved and we can move on to the next matter on the agenda.

MR. ROBERTSON: Thank you, Your Honor. I'd just turn the podium over to my colleague, Jim McClammy, to address the KEIP/KERP.

THE COURT: All right. Thank you. You're on mute, Counsel. And don't worry, it wouldn't be a remote hearing if somebody didn't get to say that at some point. That's the world in which we live. And for those who have suffered this problem, I always tell people that they missed -- when I went on mute and started talking, that there was a lot of eloquence there, but that's just -- you know, nobody will never get to hear. So that's, you know, artistic license for anything that you say that you think was particularly eloquent that was not captured at the hearing.

Oh, you're still on mute. So one other thing you can do, Counsel, is the safe haven for all technical problems in our COVID-related world is to just pick up a phone and dial separately on the phone. The most important thing is that we can hear you. I am nothing particularly to look at, so the video is nice, but not necessary. So I'll give it another minute. And if not, we can go that route.

MR. MCCLAMMY: Are we off of mute now, Your Honor?

THE COURT: Yes, you are good to go.

MR. MCCLAMMY: Excellent. Good morning, Your Honor. For the record, Jim McClammy of Davis Polk & Wardwell on behalf of the Debtors. And I will be handling matters two and three on the agenda this morning, the motion to seal and the motion for the approval of the KEIP and the KERP.

Your Honor, we are pleased to report that no party objects to any of the relief that is up before Your Honor for consideration this morning. I will note that the U.S. Trustee did file a statement in response to the Debtor's motion that can be found at Docket 5600, noting objections raised by the office in prior years. But in their words, being cognizant of the Court's prior rulings, not repeating those objections in connection with respect to the pending motion, but reserving their rights.

I will also note that, as is our customary practice, the Debtors have consulted with their various constituencies in advance of filing these motions, including the Official Committee of Unsecured Creditors, the Ad Hoc Committee of Governmental and Other Contingent Litigation Claimants, and the Multi-State Governmental Entities Group. And again, Your Honor, there have been no objections.

So before proceeding to the substance of the KEIP and the KERP, I would like to just handle a few of the housekeeping items. As noted at Docket Number -- or at Agenda Item 2, we have filed a motion to seal at Docket 5578. It's really with respect to just a very limited portion of this year's performance metrics which were adopted in consultation with the UCC, the AHC, and the MSGE. No party has objected to the relief that's sought in the sealing motion. But of course if Your Honor has any

questions, we're happy to address those. Otherwise, I would ask that Your Honor approve of the sealing -- of the portions of the motion and Mr. DelConte's declaration.

THE COURT: All right. Anybody wish to be heard on the sealing motion? All right. Hearing no response, I do note that the sealing no motion does address, as you say, a very discrete and limited portion of the submission and I find that the requested relief here is appropriate, the redacted metrics and the compensation motion or commercial information that if disclosed publicly could be damaging because it could provide competitors with information that could be used against or negatively impact the Debtor's business. And so I find it satisfies the commercial and confidential requirements for Section 107(b)(1). And again, I think it's been limited appropriately here. So for all those reasons, the motion to seal is granted.

MR. MCCLAMMY: Thank you very much, Your Honor. And then before turning to the substance of the KEIP and the KERP motion, I did want to note that we have filed two declarations in support of the motion. They are found at Exhibit B and C of the motion, which is Docket 5579.

The first declaration is from Mr. Jesse DelConte. And again, that is Exhibit B, Pages 58 to 81 of 107 of the motion. Mr. DelConte is a managing partner or a managing director at AlixPartners and he has acted as a principal

advisor to the Debtor since March of 2019.

In his declaration, Mr. DelConte provides an overview of the 2023 key employee incentive plan, or KEIP, including the structure and the metrics, and the 2023 key employee retention plan, or KERP, including the structure and the importance of the 2023 KERP to the Debtors.

Mr. DelConte is present online and available if the Court should have any questions. My understanding is that there are no parties that wish to ask any questions of Mr. DelConte. So at this time, I would ask that Mr. DelConte's declaration be accepted into evidence as his direct testimony in support of this motion.

THE COURT: All right. And why don't you move the other declaration as well and then I'll canvass the virtual room as to any comments from any parties as to both.

MR. MCCLAMMY: Thank you, Your Honor. Similarly, the Debtors have also filed the declaration of Ms. Josephine Gartrell. And her declaration can be found as Exhibit C. And that is Pages 82 through 107 of the motion. And as set out in Ms. Gartrell's declaration, she is a senior director at Willis Towers Watson and has been working on these matters for a number of years and has advised the Debtors in connection with the structure and the evaluation of their KEIP and KERP programs during the course of these -- during the course of these Chapter 11 proceedings.

Again, Ms. Gartrell is also present and available for questions. And my understanding is that there were no questions from other parties for Ms. Gartrell at this time, so we would also ask that Ms. Gartrell's declaration be accepted into evidence.

THE COURT: All right. Thank you very much. Any party wish to be heard in connection with the request to submit these two declarations?

All right. Hearing no response on the record and seeing no response on the docket, the Court concludes there is no opposition to these declarations, and I'm happy to receive both of them as evidence in support of the KEIP/KERP motion that's at Docket 5579.

MR. MCCLAMMY: Thank you, Your Honor. With that, I would propose to provide a brief overview of the requested relief here, understanding that is Your Honor's first opportunity to evaluate the KEIP and KERP program that has been presented in similar form on a number of occasions in advance and approved by this Court on those occasions.

But as noted in advance of filing the motion, the Debtors have worked diligently to build broad support for their compensation programs. And as a result, the compensation program sought in the motion already reflect a heavily-negotiated structure to the programs as well as agreed-upon reductions in the amount of the payments

relative to the proposed compensation programs that were in place at the beginning of the creditor consultation process.

With respect to the 2023 compensation plans, they were designed to parallel last year's programs, which of course in turn mirror the 2020 programs and the company's prepetition practices. The 2022 -- the 2023 KEIP includes the same two elements as its predecessor programs, which is an annual award and a long-term grant. And consistent with the Debtor's prior programs, all payments under the KEIP will be subject to the Debtor's achievement of rigorous, demanding performance metrics at threshold levels.

This year's performance metrics were set out and set using the same process that this Court has consistently found as an appropriate incentivizing corporate targets at the company.

As set forth in Mr. DelConte's testimony, the 2023 performance metrics are indeed ambitious and difficult to achieve both individually and when considered in the aggregate. That can be found at Paragraph 20 of Mr. DelConte's declaration.

Mr. DelConte also notes that the successful performance of this year's scorecard will again require the 2023 KEIP participants' diligent and committed efforts. And the 2023 metrics present a meaningful risk of not being met at the threshold level of required payment. Again, at

Paragraph 20 of Mr. DelConte's declaration.

As noted previously, the proposed compensation programs already include a number of substantial reductions in the compensation relative to prepetition practice and prior to consultation with the creditor constituencies carrying forward the substantial concessions that the debtors first agreed to back in 2020 and have honored since then. As a result, the compensation programs for the KEIP participants in 2023 are approximately $3.2 million lower in the aggregate than they would have been under the Debtor's historical prepetition practice. Those reductions consist with respect to the CEO of an aggregate reduction of approximately $1.9 million. With respect to the general counsel, an aggregate reduction of approximately $1 million, and with respect to the chief financial officer, an aggregate reduction of approximately $0.3 million. Those numbers that I mentioned also include a $352,000 reduction to the long-term award for the CEO relative to the proposed compensation programs that were initially designed by the company early this year that was subsequently agreed to in negotiations with the key creditor constituencies that I have mentioned. In part it's as a result of those changes that no party has objected to the proposed KEIP or KERP this year.

With respect to the KERP, Your Honor, the

company's broad base retention program for non-insider employees includes the same three elements as last year's KERP and in similar dollar amounts. The 2023 KERP annual award has an aggregate payment of approximately $15.1 million. That is lower than the aggregate of approximately $15.6 million that was approved in 2022.

With respect to the 2023 KERP long term award, the aggregate payments there are approximately $5.7 million. And again, that amount is very similar to the approximately $5.7 million approved in 2022.

The 2023 KERP program also has a targeted retention award with aggregate payments of approximately $7.8 million. And that amount, again, is very similar to the approximately $7.2 million amount that the Court had authorized just last year.

I will note, Your Honor, as set out in our motion, the 2023 compensation plans together are very much necessary to provide the Debtor's employees with appropriate market-based compensation. It's important that they remain within a competitive range. And here, the compensation is either in that competitive range, or in many cases below the median of the peers in the pharmaceutical industry. Providing this certainty to the Debtor's employees in a timely fashion, they will indeed receive market-based compensation through their customary annual compensation grants remains, as it

has in prior years, essential to moving these cases forward to the best possible outcome.

With that, Your Honor, I am happy to address any questions you may have. Otherwise, for the reasons set forth in the motion and the accompanying declarations, I would ask that Your Honor please approve this year's KEIP and KERP programs. Thank you.

THE COURT: All right. Thank you very much. I just had a couple of things that would be helpful to just touch on. I think for the KEIP, there was a mention that the general counsel, who is also I guess the vice president and the secretary, is above market. And I know that was discussed in prior hearings as that was also the case, and there was a justification that was provided and that Judge Drain agreed with that talked about the sort of unique role the general counsel is playing here in these challenging cases. And I just wanted -- is that -- I'm assuming that that's still the case here, that it's in the same factual posture as was before Judge Drain, but I just wanted to make sure there wasn't anything else worth commenting on as to the general counsel for purposes of the KEIP.

MR. MCCLAMMY: Yes, Your Honor. That definitely remains the case today, as it was. At the beginning and kind of throughout these cases, it's been the Debtor's business judgement that they really do require a general

counsel with significantly greater experience and expertise than might be typical for this type of a pharmaceutical company. The sheer complexity of these cases, the vast creditor constituencies, and the various -- you know, very different strategic matters that are required to marshal this case through to its best possible end requires someone that has qualifications that our current general counsel has, which means that our current general counsel is definitely one of the few that are highly sought after and could obtain and has received offers for more. And we believe it's important that his compensation reflect that in order that he be properly incented and properly compensated here.

THE COURT: All right. And I assume that's even putting aside the notion that, as the old presidential campaign slogan that you don't want to change horses midstream. You have somebody who has a background in the extensive issues that have been part of this case and is a good person to continue to be involved in these cases in that capacity. All right.

And again, so a number of my questions are in the same vein, which is that this is what I understand the circumstances have been in prior hearings, and I just wanted to make sure the record is crystal clear.

So in terms of distinguishing between insiders and

non-insiders, Judge Drain had a number of comments about that in the past. And my understanding based on the motion is the same criteria that he found to be appropriate in making that determination that was unchallenged I think in hearings that -- prior hearings is the same criteria that's being used in this motion. And in fact if the people are still here, that they are actually in the same bucket of insiders, non-insiders as they were before, although I recognize the group of folks who are subject to this motion are not identical as prior motions because some people have come and gone.

MR. MCCLAMMY: That's absolutely correct, Your Honor. We've undertaken the same process that we have in the past to confirm the status that people should have as either insiders or as non-insiders. And that's set forth in Mr. DelConte's declaration at Paragraph 41 and Footnote 28 thereto. But in general, the company is looking at whether or not an officer is appointed by the board holds the title of chief executive officer, chief financial officer, chief operating officer, general counsel, or senior vice president, reports to the board, has authority to make companywide or strategic decisions, including critical financial decisions, or is in a position to determine his or her own compensation. And I will note that there's no one even within the insider group that's in that fifth category.

But we've used those categories to delineate between insiders and non-insiders.

THE COURT: All right. Thank you very much. And I assume in seeking the relief that you are today that you are relying upon the entire record of the many hearings that occur on these various motions over time. And so I know there was a hearing December 4th, 2019; September 20th of 2020; October 28th, 2020; July 29th, 2021; September 13th, 2021; May 189th, 2022. And I risk leaving one out in listing them. But just to give -- I just want to be clear on the record the amount of extensive conversations, consultations, as well as the sort of evolving nature of the program over time and that, for example, there were three significant changes discussed at the hearing on September 30th of 2020. And so I'm assuming you're relying on the entire record that has been developed thus far in those hearings to -- as the bedrock for your motion today.

MR. MCCLAMMY: Yes, Your Honor. That's absolutely correct.

THE COURT: All right. And just to tease out more of those things, the three changes discussed at the hearing in September of 2020 talked about a 40 percent reduction in the actual payables. That was one change. Another change was the changing of timing of payments and the clawbacks. And a third had to do with the acceleration of the payments

rather than have them paid in emergence. And I just want to understand the status of those three vis-á-vis the current motion. My understanding is the economics play forward. That is the reductions that occurred over time continue essentially as a general matter and that the other changes do as well. But I just wanted to confirm that for the record.

MR. MCCLAMMY: Yes, Your Honor. That is correct. Those changes that were negotiated them form the foundation of what we were presenting to the Court for approval now and have carried through.

THE COURT: All right. Thank you very much. All right. Those are just the comments. As you see, nothing particularly extravagant or strange. I just wanted to make sure given the history here that I had my ducks in a row in terms of understanding the state of play and the many hearings that came before me. I read a number of the transcripts, and so I just wanted to make sure I had all that together.

So with that, I don't have any further comments or questions. And so I thought I would circle the virtual room, perhaps starting with the U.S. Trustee's Office, which did file a response to the motion at Docket 5600. So, Mr. Schwartzberg?

MR. SCHWARTZBERG: Good morning, Your Honor.

Other than merely point out our response and the concerns set forth in it, Your Honor, I don't have anything else to add today.

THE COURT: All right. Thank you very much. Is there any other party that wishes to be heard in connection with the motion that's on today for KEIP and KERP? All right. Hearing nothing.

I'm happy to approve the motion, which is based on the entire evidentiary record at this hearing, but also the extensive history, the law of the case as to the prior programs. And since it is my first foray into it and just given the importance of it, I'll just have some brief comments.

So -- and for those of you who have sat through the other KEIP/KERP motions, my comments will be -- I think echo a lot of things you've already heard.

So in assessing the motion here, the Court has to first determine whether the employees to be paid are insiders are not. And that's because of the way Section 503 works. Because in 503(c)(1), Congress precluded the application or approval of a key employee retention plan for insiders. And so the prior motion and hearing set forth how the debtors determine whether the participants for the KERP were insiders or not under Section 101 subsection 31 of the Bankruptcy Code, applying well-established caselaw. And

Judge Drain cited, among other things, the applicable cases of In re Borders Group Inc., 453 B.R. 459, (Bankr. S.D.N.Y. 2011) and In re Charles P. Young Company, 145 B.R. 131 (Bankr. S.D.N.Y. 1996) and other cases.

And so applying the standard that the Debtors have used and that caselaw, the Court finds that none of the participants of the KERP program are insiders. And therefore, the payments to these individuals under the KERP program have to satisfy the operative test, which is set forth in cases such as In re Residential Capital LLC, 491 B.R. 73 (Bankr. S.D.N.Y. 2013). And that test says that there will be allowed or paid other (indiscernible) or obligations that are outside the ordinary course of business that aren't justified by the facts and circumstances of the case. And here, I find that these are justified by the facts and circumstances of the case because in Section 503(c)(3), Congress clearly preserved the ability to pay more -- to pay to retain key employees who are not insiders.

And so given -- for all the reasons that have been discussed at prior hearings and that are clearly set forth in the papers here, I find that the retention program here is appropriate.

And I do note in ruling on the KERP here, I note that the U.S. Trustee's Office had previously objected to the plan on two grounds. And I just want to quickly revisit

it just to demonstrate that I've thought about these things and I'm not rubberstamping anything.

And one was that the employees should have their market-based comprehensive pay reduced substantially because the Debtors hadn't confirmed a plan yet or hadn't made the emergency fund distribution. And as Judge Drain noted, these employees don't have control over those events. And he noted that Judge Drain hadn't seen, nor have I, a case where that type of analysis was the relevant metric and somehow would preclude folks from getting these kinds of compensation because these employees are not responsible for negotiating any emergency relief fund that was discussed in prior hearings. And actually it was mentioned by Mr. Preis earlier. And they aren't responsible for negotiating a Chapter 11 plan. And so those same principles apply here today. We're in a different procedural posture. The case has moved along in some ways and is in stasis in others. But these employees are not responsible for that particular set of facts.

So second, the U.S. Trustee's office had contended that the costs of one of the portions of the KERP as a percentage of the Debtor's revenue was somehow problematic. And that was one of the factors argued in the Dana II analysis by Judge Lifland. But as Judge Drain noted, and I agree, it's only one of the factors. And moreover, it's

just a cost factor related to the Debtor's revenue as opposed to the assets, liabilities, and other factors listed by Judge Lifland in Dana II. And Judge Drain found it more relevant as to how the overall proposed compensation relates to the market in the Debtor's industry. And although slightly less meaningful, how it relates to comparable companies in Chapter 11.

And so given analysis of those factors, it's quite easy to see why the KERP here is an appropriate exercise of business judgement.

And in reaching a decision on the KERP, Judge Drain also noted that the key parties in interest here have acted responsibly throughout the case and in good faith to maximize value so that value can be distributed to their constituents to abate the opioid crisis. And I certainly have the same conclusion.

So moving along to the KEIP aspect. The law in the area is fairly straightforward. Section 503(c)(1), again, Congress effectively barred transfers of obligations incurred for the benefit of insider for the purposes of retaining those folks. And courts have long recognized that all compensation to some extent causes a first interim (indiscernible) in their employment. But Section 503(c)(3) also recognizes that other transfers or obligations that are outside the ordinary course of business won't be approved

unless they're justified by the facts and circumstances of the case. And where we get to the factors. A couple of things.

One is the justified by the facts and circumstances of the case language. And the statute sets forth a standard that's essentially the same as the standard under Section 363(b) of the Bankruptcy Code of business judgement. See In re Velo Holdings Inc., 475 B.R. 201, 212, (Bankr. S.D.N.Y. 2012), and of course In re Dana Corporation, 358 B.R. 567, 576-577 (Bankr. S.D.N.Y. 2006). And in the Dana case that we've already referenced a few times, Judge Lifland observed there were a number of factors that the Court should consider in evaluating the business judgement of making such a determination. These include is there a reasonable relationship between the plan proposed and the results to be obtained by either the plan calculated to achieve the desired performance. Because here we're not talking about retention, but we're talking about incentive.

The other factors are (indiscernible) the plan reasonable in the context of the Debtor's assets, liabilities, and earning potential, is the scope of the plan reasonable, who does it apply to, and does it unfairly discriminate, is it consistent with industry standards, what are the due diligence efforts of the Debtors investigating the need for a plan, and did the Debtors receive independent

counsel in performing that due diligence. Cases often focus on the incentive element of the plan, where the incentives are in fact truly difficult to achieve or are a lay-up, to use the basketball terminology. And the idea is whether they incentivize employees to work more than beyond the normal job that they would be expected to do.

And it's important to note, as Judge Drain did earlier in his analysis, that often in non-bankrupt companies, a significant portion of an executive's compensation comes in the form of stock, which has both risks and rewards. But in bankruptcy cases, the calculation is different because stock itself is often not appreciating at all or may in fact be worthless. And so compensation is adjusted in the form of cash.

So here I do note that -- and it's probably worthwhile to note that the U.S. Trustee filed its response to the motion, and that response states that, as the Debtors themselves acknowledge, the plans set forth in the 2023 compensation motion are essentially identical to the plans contained in the previous motions by the Debtors. This is true for the KEIP and the KERP.

United States Trustee objected to those motions, but was overruled by the Court, and that the United States Trustee have the same concerns with respect to the plan set forth in the 2023 compensation motion that were set forth in

objections to the 2019 benefit motion, the 2020 compensation motion, the 2021 compensation motion, and statement to the 2022 compensation motion. And they cite ECF 134 or 1708, 3137 and 4742. Being cognizant of the Court's prior rulings, the United States Trustee has chosen not to repeat those objections here. But it does reserve all rights with respect to the instant motion.

So in light of it reserving its rights, I do need to note a couple of things. One is that the U.S. Trustee doesn't have any objection to the declarations submitted by the Debtors in support of these motions, nor did it have any request to cross-examine any of those individuals. So the facts that those declarations contain support of the motion are undisputed.

And also, I would note that while the U.S. Trustee's Office references prior objections going back to 2019, as I've already noted, there were some significant changes that have happened along the way as these evolved, including those three significant changes that were discussed in 2020. One included essentially a 40 percent cut in the amount of money going out the door. And so I think those are significant. And so I just want to make it clear that the factual circumstances for these motions have evolved and that it has not remained static.

So turning back to this particular motion, the

KEIP motion, the Court finds that the Bankruptcy Code is satisfied with regard to payments proposed to these executives here. The proposed compensation motion is reasonable when considering all the factors in the Dana II and other applicable caselaw, and for the reasons set forth in Judge Drain's prior rulings. Again, there were a lot of changes over time, including the three notable ones in 2020. And with the exception of one executive who is the general counsel who we discussed earlier, the proposed compensation is really at or below market rate.

And as to the general counsel, that person -- I think the record is fairly clear was brought in fairly late in the day to help the Debtors manage the enormous amount of litigation that was pending against the per-bankruptcy as well as the tremendous litigation that has occurred between the bankruptcy case. And Judge Drain found that the general counsel in terms of what that person is doing is really not comparable to other general counsel in the industry because that job requires, has required, and continues to require more expertise and more work. And the lack of anybody singling out the general counsel situation here I think is a recognition by the stakeholders as to the unique circumstances for the general counsel.

So based on the facts and circumstances that I have before me, I agree. And I don't have any problems with

the proposed compensation to the general counsel under the KEIP program, either.

So I find that the KEIP program, like the KERP program, satisfies all requirements of applicable law, and I think it's appropriate again to look at what's in the industry. And I also do stress Judge Drain's comments in an earlier hearing that it's important not to talk about these things as bonuses so much as to talk about them as compensation, because that's how folks are compensated in the industry. So the term bonus is a bit of a misnomer.

And so with that, I also will note, as is noted in the papers, that there is caselaw talking about prior plans being used as satisfying the independent test of time. And I think we're in 2023 program at this point, and so this has been an issue that has been brought before the Court on numerous instances, and I think it has satisfied the independent test of time.

So for all those reasons, I'm happy to approve it. I appreciate the record that's been made by the parties here and the effort to get me up to speed so that I had a comfort level in addressing these things here. And I also appreciate the record that was developed throughout the course of these cases that's very clear and meticulous that allows somebody like myself who is stepping at this point in the case to make an independent and intelligent decision on

these issues.

So with that, I will turn it back to Debtors for anything else we need to address before we turn to the status conference in the adversary proceeding.

MR. MCCLAMMY: Thank you, Your Honor. And thank you very much for your consideration of what is a hugely important motion both for these cases and the employees at the Debtors.

I did want to just clarify one thing for the record with respect to the three changes that had been discussed and that had been negotiated in 2020. With respect to one of those changes, that is not carried forward. And that is only with respect to the acceleration of payments upon emergence that had originally been negotiated with the creditor's constituency. But later negotiations have resulted in a change to that. That was not a change that's new for this year. That had also been a change that was noted in 2022.

THE COURT: All right. Thank you very much. And just to be crystal clear on the record, just can you make a statement as to the exact timing of those payments and what essentially is the status quo in 2022 that's carrying forward here?

MR. MCCLAMMY: So yes, exactly. So those payments will match the timing that's set out in the motion without

the acceleration provision.

THE COURT: All right. Thank you very much. All right. Anything else, Counsel, before we turn to the status conference?

MR. MCCLAMMY: No, Your Honor. I think with that, we'll turn it over to Mr. Breene from Reed Smith, who will handle the adversary proceeding on behalf of the Debtors. As in the past, I would just note that for the benefit of the -- and protecting and conserving the estate's resources, that to the extent that there are folks on that are not part of the adversary proceeding status conference, if they could please be allowed to excuse themselves or otherwise turn off the clock.

THE COURT: All right. That's wise, counsel. And I'm sure Mr. Huebner somewhere can sense a disturbance in the force as you said that. Because I know that is one of his calling card statements. So I thank you very much.

MR. HUEBNER: I had already come off mute, Your Honor, in case it wasn't stated. But Mr. McClammy beat me (indiscernible). So I appreciate the reference.

THE COURT: All right, great. All right. So I did read the letters dealing with the status conference, and I can share a couple of preliminary thoughts and then I'll hear from everybody.

So obviously this kind of request, it is not hard

to understand why it was made. Right? The future is something that we're all waiting for decisions. And certainly there has been talk about whether the Second Circuit's decision will be the final word on things. We just don't know. And obviously it's important in all cases to be judicious in spending time and money on things when it makes sense and when it doesn't without anybody giving up any rights. But bankruptcy courts are well-versed, as are other federal courts, in the ability to pump the brakes and to put things in stasis so that everybody reserves their rights but that you prevent unnecessary cash burn in bankruptcy, which is already a very expensive process.

And so the Second Circuit will determine what it thinks the appropriate answer is to the questions that have been posed to it. As you know, there's very -- there's already extensive decisions by Judge Drain and by Judge McMahon, and it is unknowable what the Second Circuit will do and how it will specifically impact this case.

So given that uncertainty, I tend to be sympathetic to a request like this because it's hard to see too much downside, but it's fairly easy to see the potential upside. And I tend to try to mitigate any downside by having a status conference scheduled so that folks can come in and talk about it. Nobody is being asked to buy a pig and a poke. That is to say, well, I'm going to be locked

into some extended stay without any recourse forever. That's not the intent. We would all make sure to have a status conference. But that kind of status conference is not the cash burn, right? The cash burn is the discovery and the things that happen outside court. So that's one observation. That's just my general impression looking at the issue based on the letters that have been submitted.

The second observation I can share is obviously if some parties agree to something and think it's a good idea and other parties don't agree, there is a question of, well, how do you figure that out. The most obvious answer is that somebody files a motion. But one of the things we're trying to avoid is cash burn. So that's somewhat paradoxical that that's what that would require. And that's why I think people submitted a letter to tee up this issue so we could have a conversation.

And so being in your shoes, my thought is that you send a letter because you say, oh, we want to get the temperature of the judge as to how the judge generally thinks about these things before we spend any money making that kind of a motion. But at the same time, it can be a little procedurally awkward if we don't have buy-in from everyone in terms of how we actually get to the requested relief as appropriate. So that's an open question, but certainly I think it's wise and I appreciate the letters

that were submitted in explaining everybody's position and teeing the issue up so at least we can find an efficient way to deal with the question itself.

So with that, those are my two observations I wanted to share for what they're worth. I don't think they're particularly novel or surprising to any of you folks. And so with that, I'll hear first from the Debtors. Then I'll circle the virtual room. I recognize that some people may have positions that are aligned. And so you don't have to repeat what another party may say that you agree with. But we'll try to do this as efficiently as possible.

So let me hear from the Debtors first.

MR. BREENE: Thank you, Your Honor. Paul Breene, Reed Smith, on behalf of the Debtors. I'll also be speaking today on behalf of our co-plaintiffs, the Unsecured Creditors' Committee and the Ad Hoc Committee, although after I speak and after they've heard the rest of the conversation, I think that both the UCC and the AHC have their own counsel here, and they may very well wish to chime in if that's all right with the Court.

The Court actually in your opening statement and in your reaction to our letter has in many ways stolen the opening of the argument that I intended to make. I mean, in consultation with our co-plaintiffs, we have made a

determination that continuing the litigation at this time is not in the best interests of the estate. And we would submit, Your Honor, that it's not in the best interest of any of the parties in terms of the economies.

And basically as estate fiduciaries, we the co-plaintiffs here, are looking to maximize estate assets. And of course the insurance adversary proceeding is a significant estate asset in our opinion with the potential to bring in excess of a billion dollars into the estate.

But in this case, the goal is especially important in terms of maximizing the recoveries since any proceeds that come in are for the opioid abatement through various forms provided under the plan.

The second aim of the Debtors is always looking for opportunities to conserve estate assets. This includes not operating the business -- operating the business efficiently, but also being good stewards for the litigation resources. The Court has already alluded to the fact that there's been extensive appellate practice with regard to this matter with a confirmed plan in September '21, the vacating of that plan in December of '21, the Second Circuit hearing argument with respect to the vacation of the plan in April of '22 on an emergent basis. But of course we're still sitting here and waiting for that with the lack of certainty. And as a result --

THE COURT: Well, let me ask you a specific question, which is I saw in what I looked at that there was essentially I understood that the plans are asking for a stay. There were some insurance companies that seemed aligned in the way they thinking about it, which is like we shouldn't move forward, but they were seeking a dismissal. My sense is that as a procedural question, while that gulf sounds significant, it really isn't in the sense that you could call it what you want, a dismissal without prejudice with leave to reassert, you could do a number of different things. I just wanted to make sure I wasn't missing something on that, that there's something more substantive behind that distinction.

MR. BREENE: Your Honor, I agree with you. I don't think there's any -- again, with a properly drafted stipulation of dismissal -- and that's the rub -- we could in all likelihood get to the same place. But given the fact that the reason we're here is to save the estate from incurring significant ongoing litigation costs which we don't think are appropriate and necessary at this time, I think spending the next month or so having a bunch of lawyers going through drafts of what has to be included in a very specifically negotiated dismissal is yet another waste of the estate's assets when in fact what we would seek is a stay from Your Honor.

THE COURT: The reason why I mention it is because that's one of the services a judge can provide, right? Is to cut the gordian knot. And certainly I've been in the position where in a prior life you're negotiating that language very carefully, to have a judge then come in and say I can say that in two sentences and just say it's done. And certainly I would be happy to do that. The whole idea would be that whatever language, whether you all came up with it or I came up with it, it would preserve everybody's rights. The idea would not be to put anybody in a worse position. It would be, whether it's a dismissal, which some folks might favor from their point of view, or stay, which other folks might favor, I don't know that that matters. The idea is as long as it preserves everybody's rights and no one is disadvantaged by it, and I don't think that's hard to do. And I think, frankly, less is probably more in terms of language when it comes to something like that. All right. I think that's where the Plaintiff are.

Anything else, Mr. Breene, before I hear from the other folks on the call?

MR. BREENE: I had a few more things that I -- first of all, I never even got to the point -- you know, Your Honor, I just wanted to note, this is the first time we in the insurance adversary have been in front of you on anything other than requesting a continual extensions of the

discovery and the schedules in the case, which I would argue is because of the uncertainty that's in this case. But I did want -- if the Court were interested in just a background of the case and, you know, what this case is about, unless Your Honor already knows.

THE COURT: Yeah, I do know. When I was inheriting the docket, there were -- I got to unpack some of the things that I was on the receiving end of. And so I do have a sense of what the case is about. So I appreciate the offer, but I think, particularly in light of the purpose of your request, we can probably put a pin in that for another day. And if we need to get there, that's fine.

All right. With that, let me hear from the folks who are defendants. I realize there are sort of two camps. One is the camp that is closer to the plaintiffs in terms of they might have a different procedural mechanism for it, but didn't seem to think that pursuing full-blown litigation at this time made a lot of sense. And then there are folks who say no, we should continue to move forward. So maybe I'll hear from the first camp first. That is the folks who are closer to the thinking of the plaintiffs. So I'm not sure who wants to take the laboring oar on that.

MR. CRAMB: Thank you, Your Honor. Good afternoon. This is Nick Cramb from the Mintz firm for the Liberty Mutual defendants. And you have it right. We

largely agree with the plaintiffs that there are uncertainties with respect to the plan and how it could impact insurance that means that the proceedings are not ripe at this time. And we take the plaintiffs at their word that they are not prepared now to proceed with their claims because of those uncertainties.

Where we diverge is that rather than putting a pin in the case and staying it for an indefinite period of time while all of the appeals run their course, we do think that a very simple dismissal without prejudice to refile is the right action. And we would certainly appreciate Your Honor's assistance in crafting that very simple dismissal.

And there are a couple of reasons for that. The first is that, as Judge Drain found, this insurance case is not a core proceeding. It was filed a year after the bankruptcy petition, or almost a year after the bankruptcy petition was filed. Negotiations over the plan did not hinge on insurance recovery. Confirmation of the plan does not depend in any way on insurance recovery. And to the extent that there is any recovery --

THE COURT: Well, let me jump in there. And again, I don't want to prevent anybody from -- affect anybody's procedural or substantive rights, but I recognize we're getting into sort of a substantive legal argument. Right? So we're talking about Stern v. Marshall,

jurisdiction, and all sorts of things where I suspect people have some significant views on. But I don't know necessarily that I need to get there for purposes of the discussion we're having now, right? Nobody is asking me to make a decision based on those jurisdictional questions. And my concern is that an extensive speech on that issue by a party will in turn bring extensive speeches by other parties on the same issue. And while I love a good jurisdictional discussion as much the next guy, I don't know that it's a great use of your time today. Again, if we have to get there or that becomes a germane issue to decide or to unpack at some point, we'll certainly do that. But I'm also a little hesitant to get into it in the context of what the ask is here in the sense that I don't want there to be collateral consequences where people are trying to read the tea leaves on what my views are on jurisdiction in sort of a substantive way when we're talking about what we're talking about, which is sort of a procedural question.

So, again, I hear you. I'm not surprised that that would sort of influence your shading on the proper disposition, but I don't know that I want to go down that particular rabbit hole any more than what you flagged at the moment.

MR. CRAMB: Okay. I think that makes good sense. And I don't think we're asking Your Honor today to make the

jurisdictional decision or to tackle that question. I think the issue for us is prudential ripeness and whether it makes sense within the Court's judgement to decide this case now, which the Plaintiffs say you can't do, or to recognize that it would be more appropriate to decide the case later and --

THE COURT: So let me ask you a question. Do you have any quibble with the notion that, whether it's a dismissal or a stay, that it really should be done so that it's essentially operates as a standstill where nobody -- that the step we would take would not impact anybody's rights, whether it's timing, whether it's any ability to make substantive arguments. But that's not the intent. It's just to essentially put a pin in things for another day.

MR. CRAMB: That's accurate, Your Honor.

THE COURT: All right. So I think if that's right, I think -- and I got the sense from Mr. Breene that whether it's a dismissal or a stay, that that probably won't be -- that won't be an issue that stands in the way of parties moving forward if that's where we end up. All right.

Anything else, counsel?

MR. CRAMB: No, Your Honor. Thank you.

THE COURT: All right. Thank you very much. Anyone else who finds themselves in a similar mind who wants

to chime in? You don't have to. Maybe you feel like counsel has just covered your issues. But anyone else who is in that boat?

MS. PHILLIPS: Your Honor, this is Sarah Phillips appearing for the Gulf and St. Paul insurers. And I won't take up the Court's time and reiterate the arguments, but just wanted to note that we are in the same camp as Liberty Mutual with Mr. Cramb and feel that a voluntary dismissal is the best way to proceed here given the uncertainties the plaintiffs are articulating.

THE COURT: All right. Thank you very much. Anyone else in that camp? All right. And I know there are some other insurers who have a different view about this. And so it makes sense to hear from those folks now. I don't know if anybody wants to start us off.

MR. DAVIS: Good afternoon, Your Honor. It's Joseph Davis from Willkie Farr again on behalf of National Union. And I'm here with my colleague who you can see on the screen, Genevieve DiSpirito.

I guess I would like to introduce one concept that hasn't yet really been addressed here, which is that there are -- there's a lot of work yet to be done in this case, and much of that work involves matters that are not affected by the plan and that will simply have to be done if the case is kind of stopped in midstream when the case resumes.

And our concern about that is kind of the inefficiency connected with that stop and restart process. So in our view --

THE COURT: Well, let me ask you this. I understand that as a sort of theoretical matter. But aren't there a couple of countervailing concerns and interests on the other side? One is that we all know a lot of civil litigation reaches some sort of resolution. And litigation is conducted in that context. And until we have an answer from a higher court, parties have no context for litigating this dispute, And, you know, you may litigate it to conclusion, and that's fine. Everybody has a right to do that. But you might not. And I don't know how you would be able to make sort of intelligent decisions without -- in terms of cost benefit and things of that sort.

And I guess the other one -- I'll just throw it all out there just at once -- is it's obviously the plaintiff is the one that files the lawsuit. And if they say, hey, we're really not in a ripe spot to pursue this, the Plaintiff is -- the traditional thing is that plaintiff pushes the action, the defendant does not push the action. And so that's sort of the normal paradigm. And so if the plaintiff says, jeez, you know, I want to dismiss this without prejudice, I'm preserving my rights to pursue it in the future, you know, it's almost like trying to prosecute a

case without a party who wants to stand up on the opening day of trial.

So those are the two countervailing things that I can think of off the top of my head, Mr. Davis. Any response to those?

MR. DAVIS: Yes, Your Honor, starting with the last point. I think we didn't come into this hearing in that posture. We didn't hear the plaintiffs to be offering to dismiss the case voluntarily. And I think obviously that's something we would have to consider for exactly the reasons you just laid out. But on the first kind of set of points, you know, without kind of getting into the details of the case, just from a very high level, I would -- kind of the majority of the sort of substantive issues that are at play here are not directly linked to the plan. And so no matter what plan is put in place or even if there is no plan -- let's hope that doesn't happen. But these issues are not going to go away really is the message that I want to convey. And --

THE COURT: But even assuming that's all to be true, the context in which folks will be evaluating those issues will change, right? Because the big picture will be different and the economics coming down from any decision could be markedly different obviously between Judge Drain's decision and ruling and confirmation of the plan and Judge

McMahon and a whole host of things in between if you sort of are reading, you know, law review articles and the like.

So I understand and I would even for purposes of this argument concede the point. But I'm just wondering how it's beneficial to sort of go along a bit in the dark on that endgame so you have no context for the day-to-day decisions in the litigation.

MR. DAVIS: I think there is a lot of context, Your Honor. The litigation is based on events that occurred mostly long ago and claims that were made pre-bankruptcy, claims that caused the bankruptcy. And just working through the question about whether there is insurance coverage for those claims is kind of a daunting task, and a task that I don't think is going to be substantially enhanced by the context of whatever plan gets put into place. But I guess --

THE COURT: Wouldn't the delay, if it's going to harm anyone potentially, it would potentially harm the plaintiffs more in terms of the preservation of evidence, right? Wouldn't it put them in a harder spot than it would because they have to make a claim and justify the insurance? I don't want to get into the merits of it.

MR. DAVIS: Sure.

THE COURT: But just in terms of preservation of evidence. If there were I suppose a particularly key

witness that there was a need for some sort of preservation of testimony, I suppose you could sort of think about those things as a one-off. But I guess I'm trying to figure out why this issue would be something that would be particular to the defendants as opposed to really affecting at best all parties equally and perhaps the plaintiffs more than the defendants.

MR. DAVIS: Your Honor, there are issues on which they will bear the burden and there are issues on which the insurers will bear the burden. So it just really depends.

THE COURT: All right. That's a fair point.

MR. DAVIS: And, you know, the record in this case literally goes back to 1996 with the introduction of Oxycontin. And so it is -- those issues of evidence preservation, the age of the witnesses and so forth, they are real issues.

I understood one thing that you said to mean that we would not -- whatever the result was, if we ended up with a dismissal or a stay, that we would be checking in periodically with the Court presumably to watch as the clock is ticking whether any of those issues might blossom. So I do kind of appreciate that.

THE COURT: Yeah. I think that that's got to be part of -- if this approach goes to fruition, I think it's got to be part of that. Because I don't want -- although it

might counsel more for a stay in terms of keeping essentially my supervisory authority, but I understand if the idea is to not prejudice anyone and any party, sometimes the devil is in the details. So it might be very easy to say but not so easy to do. And my thought would be having the court available to come on in, send a letter just like what was done today to say, Judge, we have something we want to discuss. You know, at a certain point the facts on the ground, you all are familiar with those. I can't even pretend to be anywhere near as familiar with that. But the idea is just to have -- regular status conferences solve a lot of problems. And that's the kind of problem that I think it would solve.

And it also would be something -- and just to put a little more meat on the bones there, for something like this in other cases I've done something like three or four months. Again, just so people are not -- you're not buying into something that is open-ended and doesn't have -- and you don't know how it will impact your rights six months, eight months, a year from now. Nobody should have to guess. And so I would think that that may be something that would allow folks to do this and stay their hand on certain things because they know they could come back.

And also, we don't know when a decision is going to come down, and we don't know if there's going to be

further proceedings, which all factors in. So if a decision comes down tomorrow and there's no further proceedings, we're in one world. If a decision comes down in six months and then it goes to the Supreme Court, we're in another world. And you shouldn't all have to guess as to how that's going to affect your clients' interests. That's an awfully hard thing to figure out. So the litigation burn is a significant concern, but it's not the only concern. I would agree with that.

Anything else, Mr. Davis?

MR. DAVIS: No. I would maybe just circle back around to where I started, which is we didn't come into this hearing, you know, with a proposal from the plaintiffs of voluntary dismissal. And that's something that I'm sure we would want to discuss with our clients.

MR. LEVERIDGE: Your Honor, this is Rick Loveridge on behalf of --

MR. SCHOENFELD: Your Honor, I had on this same -- we are aligned with Mr. Davis, but I have an additional thought. If I could share that before we move back to the plaintiff's side.

THE COURT: Oh yeah. No, I think I was just -- Mr. Leveridge was just chiming in then. I'm happy to hear from you right after that, Mr. Schoenfeld. Hold on. It's, again, the challenge of the Zoom hearing where you can't

necessarily hear what everybody is doing. So let me let Mr. Leveridge finish his comment, and then I'll hear from Mr. Schoenfeld.

MR. LEVERIDGE: Your Honor, Rick Leveridge of Gilbert LLP on behalf of the Ad Hoc Committee. I am a plaintiff. So if you want me to wait, I'll be happy to wait.

THE COURT: All right. All right.

MR. LEVERIDGE: I just wanted to add something.

THE COURT: Thank you for that reminder.

MR. LEVERIDGE: Sure.

THE COURT: So, Mr. Schoenfeld, go ahead, please.

MR. SCHOENFELD: I appreciate Mr. Leveridge's courtesy in this regard.

So I represent -- Dave Schoenfeld for the record, Shook, Hardy & Bacon, representing Steadfast Insurance and American Guarantee.

I wanted to address or respond beefily to the Court's question about how the parties could resolve issues in this case without knowing the full context of the ultimate plan resolution and how that might impact issues. And I would be happy to go into this in detail. I don't imagine that the Court wants to hear that, but I would be happy to explain anything I'm about to say in more detail. But let me summarize it at this point by saying that there

are significant issues. In fact, let me say that the most significant issue (indiscernible) I think could properly be described as essentially binary issues which are not affected by, for example, the nature of the claims that will be -- or the character of the claims will be paid under a plan, however it comes out, or the way that those claims will be paid. Those essentially binary issues are almost entirely or in some cases I would argue entirely independent of those issues. And so there are, we believe, opportunities to advance the case perhaps to the --

THE COURT: Well, I understand. And I heard that from Mr. Davis. And so, again, I'm not necessarily disagreeing with you that they're distinct intellectual issues. But as a former litigator, we all assess things not only in their component parts, but in the big picture. And it just seems somewhat incomplete to me. And I'm trying to figure out where the balance is. But that's why I thought the idea of being able to check in on a somewhat regular basis might -- you might be able to get the benefits without any dramatic downside on that front.

But can you give me -- and maybe I should have asked Mr. Davis this as well. But can you give me an example of something specific? Because I'm hearing the theory. And I know I said let's not get too deep in the weeds, but it may be unavoidable to get the flavor of this.

MR. SCHOENFELD: I would be happy to. So one primary example is the question of whether or not the policies at issue in this case cover or in fact exclude product completed operations claims, that is claims arising from Purdue's products. The policies at issue all contain exclusions which would bar any claim arising from Purdue's products.

If the insurers are correct that those exclusions would preclude claims -- the opioid claims as they're asserted, there is not really a set of claims out there that might or might not be affected by that ruling and will be introduced into the mix by a plan outcome.

THE COURT: I get that. But I've had this kind of issue come up before, and I've even have insurance cases where someone said, judge, if you decide this exclusion, we'll settle. And I decided the exclusion, and there was no settlement. And it was litigating component parts. And federal judges tend not to be huge fans of that. So you don't know until it happens whether the exclusion approach is truly the way to cut the gordian knot or it's just litigation followed by more litigation.

So I understand the theory, but again, I have issued rulings on exclusions and -- that were in fact where almost all sides said to me, judge, this is the case cracker, to quote My Cousin Vinny. And it didn't turn out

to be. Even remotely. And in fact, people didn't bat an eyelash. They said, well, now we have some other things we want to litigate.

So it's hard for me to say that. Because while it may be true from your point of view and it may be true depending on a particular outcome on a particular exclusion perhaps, but it sort of requires a sort of buy-in and also it's not quite as certain as it might seem I have found in prior experience.

MR. SCHOENFELD: I appreciate that, Your Honor. The last point I would make is I also share Mr. Davis's interest in, as I think the Court may have put it, asking anyone here to buy a pig in a poke to come back on a regular basis, you know, hopefully at a relatively short interim, and perhaps revisit some of these issues depending on what's happening with the appeal if the plan confirmation --

THE COURT: All right. Mr. Leveridge?

MR. BREENE: Your Honor, if I may, Mr. Leveridge has deferred to me for the moment, and then he'll come in just after.

THE COURT: All right. Let me just warn people, I do have a hard stop about three minutes to one. I have time this afternoon. But just in terms of if I'm trying to push the action, that's why. So I imagine I don't want to wreck your afternoon. So I'm just trying to make sure I hear from

everybody before we do that. So, Mr. Breene?

MR. BREENE: Your Honor, just a couple of things very quickly. First, with regard to discovery, there has been an enormous amount of discovery in this case. We've produced 15 million documents. There have been multiple depositions. And the problem is many, many depositions that the insurance companies are proposing are of Purdue witnesses who have already been deposed in one instance 12 times regarding the opioid crisis, in another instance ten times. Several times. Seven times for another.

Anyway, it is pretty duplicative, and we don't believe that, you know, a stay would be problematic in terms of the discovery and nothing would be lost.

THE COURT: I did understand the state of play that you were getting to expert discovery, which clearly in a case like this would be significant. But that sort of implied that the traditional fact discovery was at or nearing conclusion. But obviously --

MR. BREENE: I believe that's right.

THE COURT: Obviously beyond that, I'm not really in a position to draw a more nuanced or intelligent conclusion.

MR. BREENE: And, Your Honor, the only other point I wanted to make is all the points that have been made, and especially Mr. Schoenfeld indicating that, you know, he

thought it would be a good idea to come back before Your Honor periodically. And I think that plaintiffs agree. And I think that argues very strongly in favor of a stay and not a dismissal. I think the dismissal introduces significant, frankly unnecessary complications into this when with the stroke of a pen Your Honor can stay this matter and we could set up a schedule to come back before Your Honor as appropriate.

THE COURT: Well, I think it has some benefits and it has some downsides for everybody that people have to work their way through and should probably caucus. But in terms of keeping a rein on the case and -- and you who have appeared in front of me, I am a fairly active docket manager. I mention that because different judges have different approaches. And there's no way in the world that you would know mine if we hadn't had the pleasure of seeing each other in past cases. But I am a fan of the status conference and I am not a fan of anybody being surprised. And again, if we're doing something that's supposed to preserve everybody's rights, then that's what we should be doing. So to the extent that's something to throw into the calculus.

But my thought would be that probably you all need to think a little bit more amongst yourselves, at least people on different sides of the V, about what course of

action you think might be appropriate, what you could live with, and if so under what conditions. And I'm happy, speaking of status conferences, to have another get-together to see if there's any consolidation around one position or two positions just to get sort of everybody's kind of best and final proposal as to what they think should happen and then take it from there. And if people can't agree, then that will mean that somebody has a right to file a motion. Because in a case like this, obviously I'm not going to cram my views down anybody's throat. People file a motion and then people will file their papers.

But, frankly, for something like this, my thought is that I think there's a way to get there and a way that's fair to everybody involved and that's nimble enough that we can all adjust with the circumstances in the case as they unfold.

But again, I recognize I see the tip of the iceberg. There's a lot of things I don't know and haven't had the pleasure of contemplating that you all have. So you'll have to work through those and see where you end up. And what I would ask is maybe that parties -- defendants talk, plaintiffs talk, and then groups talk together. And then you let me know when you want to have a chat. I'm happy to set a date now just to have something to push against that's three or four weeks out if that works. But

I'm open to other suggestions if I don't have a monopoly on wisdom.

So today is the 23rd. I could give you something like June 26th in the morning to touch base and see where we are. But again, I'm open to other suggestions if people have ideas.

MR. LEVERIDGE: Your Honor, this is Rick Leveridge on behalf of the Ad Hoc Committee. First of all, June 26th would be find from the standpoint of the Ad Hoc Committee. But one thing I want to note is on the current schedule, there are expert deadlines that come before June 26th. And so I think at the very least what we would want is some interim stay that would allow the parties to have the conversation that you're suggesting we have and which the Ad Hoc Committee is certainly open to. But I think perhaps if I could ask the Court to consider having a pause on the schedule now to give the parties an attempt to have this conversation and then come back.

THE COURT: That's not a surprising request, and I'm okay with it. In the interest of being fair to everybody, I wouldn't want to go out any further than a month for us to get back together. And then people can come back and say, Judge, you hit the brakes momentarily, but we think you shouldn't do that going forward.

Anybody have a problem with June 26th and sort of

a momentary pause of deadlines that might be triggered between now and then?

MR. DAVIS: Your Honor, this is Joseph Davis. We, at least speaking on behalf of National Union, we're fine with that. And in particular we're fine with that because I don't think we agree that fact discovery is nearing its conclusion. There's quite a bit left to be done on fact discovery, and we've teen a little bit in limbo talking about a stay now for over a month. So from our perspective, we're perfectly happy to kind of adjourn the dates and figure out what we do next when we see you on the 26th.

THE COURT: All right. Anybody else on this question of the 26th and on adjourning dates between now and then?

MR. BREENE: Your Honor, this is Paul Breene. And I'm sorry to -- I have one commitment on the 26th first thing in the morning. If we could do it the same time as now or later, I'm fine.

THE COURT: I will be in the middle of what has been promised to be a contested confirmation hearing in a mega case. So I don't have the afternoon available. I think I will be -- maybe things will resolve, but I think I'll be hearing opening statements about this time. So I can play around earlier in the morning if people have a court appearance, if people want to do it at, you know,

8:30, 9:00 before your day starts. I could also -- I have a trial on the 27th and 28th. I can also talk to my courtroom deputy and she can circulate a few dates amongst you all and you can choose among them. So if earlier in the day on the 26th doesn't work, then let me do that. I'll have her circulate some dates to folks. And I think she has all of your emails. If she doesn't, she'll send an email to the folks whose email she does have and ask those folks to circulate the dates and times.

Anybody else?

MR. CRAMB: Your Honor?

THE COURT: Go ahead.

MR. CRAMB: This is Nick Cramb. Just a quick clarifying question so that we do not have to come back in the meantime. But we do have some discovery activates scheduled in the next 30 days. I think there are two, possibly more depositions that are on the calendar. And I understand from your explanation just now that we are moving dates, but that we should proceed in the meantime.

THE COURT: Well, the request I got was to adjourn deadlines. So as to whether a particular event should go ahead or not, which is obviously being done under the context of a deadline but is in itself a deadline, my thought would be to stay out of that conversation with you all because I don't know enough of the details to be

intelligent and I don't want to have this conversation be weaponized even inadvertently. So obviously there's a stay or a -- the request that was made was in order to save costs. And so I imagine you all have a conversation, so I would imagine that I'll adjourn the deadlines, I'll stay the deadlines. But I would imagine in the aftermath of this conversation, there might be a request made by a party to say you want to go ahead with that deposition, can we adjourn it. But I'll leave you all to do that. Because, again, I'm not trying to upset the apple cart between now and when we decide this issue.

MR. CRAMB: Understood. Thank you.

THE COURT: All right. Anything from any other party? All right. So, Mr. Breene, I'm going to take it the 26th doesn't work for you. We'll circulate some dates and times. Some of them may be a little earlier, some of them may be a little bit later. And you'll chat and see where you are.

I am going to say that I'm going to so order the record to adjourn discovery deadlines so that nobody needs to paper that in interest of efficiency. And we will make sure to talk about that at the next conference so that people have no lack of clarity about what -- where things are. And -- but the deadlines are stayed, any deadline that would otherwise be tripped by this. And maybe one way to do

it is to say that we're going to extend the deadlines for however many days it takes from today to the time we get together. So it's 30 days, all the deadlines will be adjourned 30 days. So we'll keep sort of the status quo going forward. So it will follow form with whatever date we get, and we'll take it from there.

All right. With that, anything else from the plaintiffs?

UNIDENTIFIED SPEAKER: No, Your Honor. Thank you.

THE COURT: All right. Anything else from any of the defendants?

UNIDENTIFIED SPEAKER: No, Your Honor. Thank you.

THE COURT: All right. Thank you very much for people's insight and comments today. I appreciate it. And I'll be talking to you soon. Be well.

(Whereupon these proceedings were concluded at 1:54 PM)

I N D E X

RULINGS

	Page	Line
Motion To Seal, GRANTED	29	16
Adjourn Discovery Deadlines	78	19

C E R T I F I C A T I O N

I, Sonya Ledanski Hyde, certified that the foregoing transcript is a true and accurate record of the proceedings.

Sonya Ledanski Hyde

Veritext Legal Solutions

330 Old Country Road

Suite 300

Mineola, NY 11501

Date: May 26, 2023